

97-84067-8

Oregon Legislative Tax
Committee

Make real tax reform
possible in Oregon...

[Salem, Or.]

[1914]

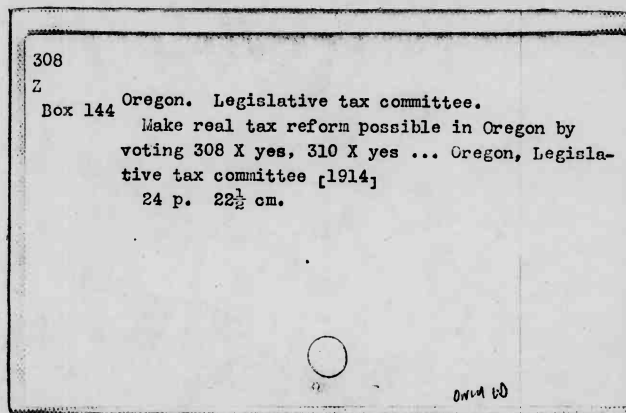
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Make real tax reform possible in Oregon by voting
308 X yes, 310 X yes

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MAKE
REAL TAX REFORM
POSSIBLE IN OREGON

BY VOTING

308 X Yes

310 X Yes

308
Z

Box 144

Read the Argument in Favor of these Proposed Constitutional Amendments, pages 14 and 15 of the Voters' Pamphlet, filed by the Legislative Tax Committee, with the unanimous approval of its 15 members.

LEGISLATIVE TAX COMMITTEE

Authorized by Senate Joint Resolution No. 25.

STATE SENATORS

GEORGE NEUNER, JR., Douglas County.

W. W. CALKINS, Lane County.

CLAUDE MCCOLLOCH, Baker County

GUS C. MOSER, Multnomah County.

STATE REPRESENTATIVES

E. E. BLANCHARD, Josephine County.

J. S. BARTON, Coos County.

THOMAS W. BRUNK, Polk and Lincoln Counties.

SAM LAUGHLIN, Yamhill County.

M. J. MURNANE, Multnomah County.

ROBERT N. STANFIELD, Morrow and Umatilla Counties.

STATE TAX COMMISSION

OSWALD WEST, Governor.

BEN W. OLCOTT, Secretary of State.

THOS. B. KAY, State Treasurer.

J. B. EATON, Tax Commissioner.

CHAS. V. GALLOWAY, Tax Commissioner.

FROM
NATIONAL LEGISLATIVE TAX ASSOCIATION,
LEGISLATIVE TAX COMMITTEE
George Neuner, Jr., Chairman, Roseburg, Oregon.
OFFICE OF TREASURER,

15 DEY ST.

N. Y. CITY.

"RATIONAL TAX REFORM" AMENDMENTS

to the
Constitution of the State of Oregon
to be
Submitted for Approval or Rejection
at the
Regular General Election, November 3, 1914.

I

For Amendment of Section 32, Article I, of the Constitution of Oregon

PRESENT SECTION:

No tax or duty shall be imposed without the consent of the people or their Representatives in the Legislative Assembly; and all taxation shall be equal and uniform.

PROPOSED AMENDMENT:

No tax or duty shall be imposed without the consent of the people or their Representatives in the Legislative Assembly. Taxes shall be levied and collected under general law and for public purposes only; the power of taxation shall never be surrendered, suspended or contracted away.

The following is the form and number in which the proposed amendment will be printed on the official ballot:

REFERRED TO THE PEOPLE BY THE LEGISLATIVE ASSEMBLY:

For amendment of Section 32, of Article I, of the Constitution of Oregon, omitting the requirement that "All taxation shall be equal and uniform," and providing for levy and collection of taxes under general law for public purposes only, and prohibiting surrender of taxing power.

Vote YES or NO.

308 YES.

309 No.

II

For Amendment of Section 1, Article IX, of the Constitution of Oregon

PRESENT SECTION:

The Legislative Assembly shall provide by law for uniform and equal rate of assessment and taxation; and shall prescribe such regulations as shall secure a just valuation for taxation of all property, both real and personal, excepting such only for municipal, educational, literary, scientific, religious, or charitable purposes, as may be specially exempted by law.

PROPOSED AMENDMENT:

The Legislative Assembly shall, and the people through the initiative may, provide by law uniform rules of assessment and taxation. Taxes shall be levied on such subjects and in such manner as shall be prescribed by general law. Reasonable classifications of the subjects of taxation may be provided, and specific taxes may be imposed. Taxes may be imposed on incomes, from whatever source or sources derived; such taxes may be either proportional or graduated and progressive, and reasonable exemptions may be provided.

The following is the form and number in which the proposed amendment will be printed on the official ballot:

REFERRED TO THE PEOPLE BY THE LEGISLATIVE ASSEMBLY:

For amendment of Section 1, of Article IX, of the Constitution of Oregon, changing the existing rule for uniformity and equality of taxation, authorizing the levy of taxes on such property and in such manner as shall be prescribed by general laws, the classification of property for taxation purposes, the imposition of specific taxes and taxes on incomes, and authorizing reasonable exemptions.

Vote YES or NO.

310 Yes.

311 No.

Briefly stated, the purpose of these proposed amendments is to authorize classification of property for taxation in Oregon. Without this authority to classify, real tax reform founded on justice and fair dealing, is impossible. Unless these amendments are adopted, Oregon must continue to struggle along with an unworkable system of taxation, such as has already been discarded in about one-third of the States of the Union and is being shaken off as rapidly as possible in all the others. Amendments similar to these in purpose are now pending in nine states besides Oregon, viz: Iowa, Kansas, Kentucky, Maryland, Nebraska, New Mexico, North Carolina, North Dakota and Ohio.

These proposed amendments to the Constitution of Oregon are indorsed by the ablest authorities on taxation.

For the purpose of obtaining the opinions of those best informed and of the widest experience in matters of taxation, State Tax Commissioner, Chas. V. Galloway, has submitted complete statements of Section 32, Article I and Section 1, Article IX of the Oregon Constitution, both as they now stand and as it is sought to amend them, to a number of authorities and experts on this subject, requesting in each instance a frank statement of opinion in reference to the amendments proposed. The replies present a remarkable indorsement of the amendments. In no case, even of the few who preferred not to write for publication, has any material criticism of the measures been suggested. The letters, for the publication of which definite permission has been given, are herewith submitted in full, in the order in which they were received. The original letters are on file in the office of the State Tax Commission at Salem. Written from the view points of their respective authors, these letters make together an unanswerable argument for those proposed amendments.

Letter No. 1.

Prof. Charles J. Bullock of the Department of Economics of Harvard University, recognized as one of the ablest tax experts of the day, writes under date of June 16, 1914:

"I have received and examined with great interest your proposed constitutional amendments relating to taxation. *They seem to me admirably adapted to your needs, and if they can be adopted will open the way for useful changes in your taxation laws such as some of the other states have recently made with great advantage.*

"Progress in taxation matters is clearly impossible in Oregon, or any other state that is bound by a constitutional requirement of uniformity, until the Constitution can be amended in some such manner as you propose. Your amendment provides for a reasonable classification and by its specific authorization of an income tax opens the way for such a change as Wisconsin has recently made. *It will be fortunate for your State if at the next election the voters accept both of your proposed amendments.*"

Letter No. 2.

James H. Gilbert, Professor of Economics of the University of Oregon, one of the best authorities on taxation in this State, writes:

"I regard the provisions found in Section 32, Article I, and Section 1, Article IX of our State Constitution, requiring the taxation of all property at a uniform rate, as altogether antiquated and inconsistent with any form of progressive legislation affecting assessment and taxation. Scientific tax reform demands that some species of property be taxed at a lower rate or altogether exempt in order that the income from such property may be effectually reached by corporation and income taxes applying the principle of stoppage at source. *The adoption of two amendments designated on the ballot as Nos. 308-309 and 310-311 I consider a necessary preliminary to any program of rational tax reform. Personally, I hope that the people of Oregon will sanction these necessary changes and open up the way for revenue laws of the right sort.*"

UNANIMOUS RECOMMENDATION

OF THE LEGISLATIVE TAX COMMITTEE OF OREGON

State Tax Commission
ONWALD WEST, Governor
HEN W. OLCOTT, Secretary of State
THOS. R. KAY, State Treasurer
J. B. EATON, Tax Commissioner
C. V. GALLOWAY, Tax Commissioner

State Senators
GEO. NEUNER, Jr., Douglas County
W. W. CALKINS, Lane County
CLAUDE MCCOLLUCH, Baker County
GUS C. MOBER, Multnomah County

State Representatives
E. E. BLANCHARD, Josephine County
J. S. BARTON, Coos County
THOMAS W. BRUNCE, Polk and Lincoln Counties
SAM LATCHLIN, Yamhill County
M. J. MYNANG, Multnomah County
ROBERT N. STANFIELD, Morrow and Umatilla Counties

Make Real Tax Reform Possible

BY VOTING

308 X YES

310 X YES

These proposed amendments to the Constitution of Oregon are both sound and progressive. They are in a class separate and should not be confused with any other measure or measures.

These two amendments are exactly in line with the movement for genuine, constructive tax reform and have the unqualified indorsement of the ablest authorities on taxation.

In proof of these statements you are respectfully requested to read the pamphlet which accompanies this card.

LEGISLATIVE TAX COMMITTEE

Chairman: George Neuner, Jr., Roseburg, Oregon.
Secretary: Frank K. Lovell, Salem, Oregon

State Printing Department, Salem, Oregon

Letter No. 3.

A. C. Plydell, Secretary of the New York Tax Reform Association, former Secretary of the National Tax Association, and in 1912 appointed by Governor Woodrow Wilson a member of the Commission to Investigate Tax Assessments in New Jersey, writes:

"I have your letter of June 25th, and thank you for sending me the text which I requested, of the two proposed constitutional amendments adopted by the Legislature of 1913, and to be voted upon this November.

"The changes which these two amendments, proposed by the Legislature, make in your Constitution, are in line with an orderly progress toward a better system of taxation and will, if adopted, enable your State to make many desirable changes in its tax laws which are now impossible because of the present requirement of uniformity. I have read the text of the amendments carefully and while they will not give quite the freedom of action that is enjoyed by New York and a few other eastern states, they are a great improvement over the present limitations of your Constitution. I am quite familiar with all of the amendments that have been suggested and submitted in your State for the last eight years, and if amendments like these could have been passed six years ago, I am sure that the tax situation in Oregon would have been much more satisfactory to everyone by this time. I hope that these amendments will be adopted so that your State will join the others which have broken away from the antiquated uniform rule, which is in so many places an obstacle to reasonable progress.

"You may perhaps know that amendments intended to accomplish the same purpose as yours and permit a classification of property, were passed in 1913 by the legislatures of North Dakota and Kansas and will be voted upon by the people of those states next November. Also that the legislature of Kentucky this year passed again an amendment permitting classification similar to one which was adopted by the people last November, but declared invalid by the courts because it had not been properly advertised prior to the election; the pending amendment will be voted upon in November, 1915. So that your State is not by any means alone in trying to get rid of constitutional limitations."

Letter No. 4.

T. S. Adams, formerly Professor of Economics in the University of Wisconsin, now member of the Wisconsin Tax Commission, and recognized everywhere as an able economist and tax expert, writes:

"I have read with care the proposed amendments to Section 32, Article I and Section 1, Article IX of the Constitution of Oregon. *They seem to me admirable.* An outsider can never speak with authority concerning affairs of another commonwealth, but if conditions in Oregon are the same as they are in every other State suffering from an iron constitutional rule of artificial 'equality and uniformity' in matters of taxation, then your constitutional rule has never been fully enforced and would work grave injustice if it were thoroughly enforced. Although such rules cannot be enforced, the effort to enforce them is needlessly expensive, irritates taxpayers, alarms business, and deeply discourages tax officials by calling upon them to accomplish what is impossible and would be gravely injurious and unjust if possible. *Authorities in taxation are practically agreed that such rigid constitutional restraints should be relaxed and greater legislative freedom given to adapt the tax system to the facts of life and industry. The proposed amendments represent a safe and careful step in the direction of greater freedom, and it is hard to see why they should not receive the support of every class and interest involved.*

"Finally, it may be noted that the income tax has been a marked success in Wisconsin; and in a campaign turning largely on matters of taxation, no political party, and no faction of any party, has had the courage to attack, while nearly all factions have emphatically endorsed, our State income tax."

Letter No. 5.

Carl C. Plehn, Professor of Finance and Statistics in the University of California, Secretary and Expert of the California Commission on Revenue and Taxation in 1905-6, Expert and Adviser of the Special Tax Commission of Kentucky in 1912-14, and now Adviser of the California State Board of Equalization, writes:

"Taxes cannot be made just and equal unless they can be adjusted from time to time to meet new conditions.

"If Oregon were a backward community where conditions remained the same today as they were when she first became a State, then the old constitutional provisions would be good enough.

"But Oregon has advanced, and put on new strength; and the old law, shackling the adjustment of taxes to the new conditions, hampers her. If you want new people and new capital to come in, you must promise them a square deal in taxation.

"The proposed tax amendments meet the requirements in every essential particular."

Letter No. 6.

The California State Board of Equalization, in a letter written by its secretary, T. M. Eby, says:

"It was kind of you to supply this Board with the tax information contained in your letter of the twenty-sixth. *The State Board of Equalization has read and considered with much interest the two proposed amendments to the Oregon Constitution. Both are certainly steps in the right direction and will surely make for the best interests of our sister State.* Constitutional provisions for the assessment of property should be flexible. Rigid provisions, either mandatory or prohibitory, in tax matters retard the growth of the State, and produce great discrimination between the several classes of taxpayers by reason of this inflexibility. Every state by its fundamental law carried into effect by general statutory provisions operating equally in every part of the State, should be in a position to say what property shall be taxed and the manner and method of such taxation. But a law which places power in the authorities of the several counties, municipalities, or other taxing district, the right to say what property shall be taxed and the method of taxation, is a dangerous law and is to be avoided.

"It seems to me that the proposed amendments will meet all requirements as the basis for a splendid revenue system, and it is to be hoped the Oregon people will approve of the measures."

Letter No. 7.

Prof. Vanderveer Custis of the Department of Political and Social Science of the University of Washington, and a close student of the subject of taxation, writes:

"I have received this morning your letter of the 24th, enclosing two proposed constitutional amendments relating to taxation which are to be submitted to the people of Oregon next November. Unless there is some peculiar and extraordinary reason for their rejection, I sincerely hope that they will be approved at the polls.

"The taxation of all property, without regard to kind or circumstances, at a uniform rate, is, under the conditions existing in a modern community of advanced civilization, unreasonable in theory and impracticable of application. The attempt to put it into effect results in great injustice in some cases, and in others evasion which, notwithstanding great efforts, no State seems able to prevent. Under very primitive conditions the objections to the 'uniform rule' are less serious.

"As you are doubtless aware the legislature of Washington has decided that credits of various sorts are not 'property' for the purpose of taxation, and the statute has been upheld by the Supreme Court. This relieves us from one of the worst features of the uniform rule; but stocks, bonds, etc., can stand a certain amount of taxation and there are many who think that they should pay something. Under our Constitution, however, the present arrangement seems to be the only alternative to taxation at the full rate—or rather, to the attempt to tax them at the full rate. There are still a number of features of our tax system that need reform; and the State Board of Tax Commissioners proposes to submit to the Legislature an amendment which would make a rational system of taxation possible.

"It seems to me that this is what your proposed amendments will do for Oregon."

Letter No. 8.

The Kansas Tax Commission, in a letter signed by its three members, Sam'l. T. Howe, J. A. Burdette and J. H. Hostetler, says:

"It has long been apparent to students of taxation that there must be opportunity for the reasonable classification of the subjects of taxation with authority to levy differential rates among the classes if there is to be any real equality in the distribution of the tax burden. For that reason the Kansas Commission has been working since its organization to get the Kansas constitution amended and there is now pending before the people an amendment which will remove from the constitution of this state the requirement for a uniform and equal rate of taxation upon all property so that there may be real reform in matters of taxation in Kansas.

"Two of the political parties have endorsed the amendment and it is hoped that it will be adopted at the November election.

"In connection with the work in Kansas it is interesting to note the parallel movement in other states and the amendments pending in Oregon are exactly in line with the Kansas amendment and should your State adopt the amendments submitted the way will certainly be opened to a much more equitable system of taxation than is possible under a constitution which fixes a hard and fast rule of uniformity but which in fact has inherent in it more inequality of burden than can be prescribed in hardly any other manner.

"A copy of the Kansas amendment is enclosed for your information and you will note that in Kansas as well as in your state the amendment carries authority to the Legislature to provide for the taxation of incomes.

"The people of your state will certainly do well if they adopt the amendments."

Letter No. 9.

A. E. Parrish, the very able Assessor of King County (Seattle), Washington, writes:

"I am rejoiced to learn that the taxpayers of Oregon are to be given an opportunity at the November election to adopt constitutional amendments which will enable the State, through subsequent legislative enactments, to substitute for its present tax code, a modern, rational, scientific system of taxation.

"Both Oregon and Washington are now chained to confessedly inequitable and vicious methods of taxation, from which legislative relief is denied by express inhibitions of our state constitutions. *Your proposed amendments, in form and substance, have the sanction of the most eminent tax authorities of the country, and if adopted, will not only promote the cause of tax reform in Oregon, but greatly encourage those in this state seeking the same end through necessary constitutional amendments, the submission of which we hope to have authorized by our incoming legislature.*"

Letter No. 10.

William H. Corbin, Tax Commissioner of the State of Connecticut, and member of the Executive Committee of the National Tax Association, writes:

"I am much interested in the proposed constitutional amendments to be voted on by the people of Oregon in November next, for the reason that Connecticut has always enjoyed privileges which have been denied many other states because of the limitations of their constitutions. There is no mention of the words 'taxes' or 'taxation' in the constitution of the state of Connecticut. All of our provisions relative to taxation are statutes, which may be changed at any time by the state legislature.

"This has permitted us to have for many years a classification of property for the purpose of taxation. The rate on savings bank deposits payable to the State Treasurer by the corporation after certain deductions is 2½ mills per annum, with exemption to the depositor; the rate on choses in action is 4 mills per annum, payable to the State Treasurer with exemption from local taxation; the rate on shares of stock of banks, insurance, trust companies, etc., is 1% on the market value payable by the corporation to the State Treasurer and returned to the towns on the basis of the share holdings in the different communities. The local tax rate is left entirely to the different towns without any restriction or limitation and varies from 6 to 26 mills.

"*The taxation freedom enjoyed in this State has been very advantageous and makes it possible to have a strict enforcement of the statutory provisions relative to taxation which cannot be accomplished in states having constitutional requirements for uniform rates on all classes of property.* There has never been any undue advantage taken by the state legislature of the privilege of changing the taxation requirements by new statutes, and Connecticut seems to be as conservative in such matters as those states which are apparently required to be so by constitutional limitations.

"I hope the amendments will be adopted and, if so, I feel confident that the advantages resulting therefrom will be very noticeable."

Letter No. 11.

F. G. Young, Dean of the Graduate School and Professor of Economics and Sociology of the University of Oregon, than whom our State has no better authority on the subject of taxation, writes:

"*The amendments proposed by the Legislature of 1913 to the Sections in the State Constitution referring to taxation are absolutely essential for effecting further improvement in the Oregon system of taxation.* The changes contemplated by these amendments submitted to the vote of the people in November would authorize a reasonable classification of the different forms of property and also the introduction of a State income tax in lieu of the present personal property tax. *The adoption of these amendments would for the first time make it possible to get at the most glaring evils in our present system of taxation.*

"Everybody recognizes that our present methods of taxing money, securities and other forms of intangible property are farcical and involve grossest injustice to the scrupulously honest and to those not versed in the art of tax dodging. All these crying evils in our present system are due to the fetters in the State Constitution of 'uniform and equal' taxation of all classes of property. *The proposed amendments would make it possible to free ourselves from the tax inequities that are the outcome of requirements fitted to primitive economic conditions.*

"*The remedy for these evils is to be found either in the substitution of an income tax for the personal property tax or through the introduction of a rational classification of forms of property and such treatment of each class as will make it yield its proportionate revenue.*

"*The proposed amendments if approved by the people, will make possible a system of rational taxation in Oregon and, if they are understood by the people, a vote ratifying them is certain.*"

Letter No. 12.

Clyde B. Aitchison, Member of the Oregon Railroad Commission, Secretary of the Special Tax Commission of 1906 in this State, writes:

"*I find myself in entire accord with the 'Rational Tax Reform' amendments to the Constitution to be voted upon at the coming general election.* They conform closely to the recommendations made by the commission appointed to examine into the state of taxation in Oregon, in 1906, of which I was secretary. Subsequent experience has confirmed my opinion that *no program for scientific or progressive taxation is possible as long as the Legislature is kept in a straight-jacket by existing constitutional limitations.*"

Letter No. 13.

K. K. Kennan of Milwaukee, Wisconsin, former Supervisor of the Income Tax in that state and author of an authoritative work on Income Taxation, writes:

"*The proposed amendments of Section 32, Article I, and Section 1, Article IX, of your Constitution seem to me to be very important and desirable.* It is a great mistake to suppose that uniformity of taxation leads to equality of taxation. In many states where intelligent efforts have been made to equalize the burden of taxation, the constitutional requirement of uniformity has proven to be a stumbling block and a hindrance. *"The provision authorizing the levying of a tax on incomes is the same as was adopted in this State a few years ago and the results have been very satisfactory.*

"*It is certainly to be hoped that the people of your great State will see the wisdom of adopting these amendments.*"

Letter No. 14.

Chas A. Andrews, Deputy Tax Commissioner of Massachusetts, Secretary of the Association of New England State Tax Officials, writes:

"I am very glad that your people in Oregon are going to try again to amend your Constitution and depart from the old-fashioned and unsuccessful rule of proportionality. The two proposed amendments which are to come before the people this fall will, it seems to me, give to the Constitution enough flexibility to allow the Legislature to shape and modify the tax laws from time to time so that they will fit industrial and economic conditions. *These are two good amendments. I trust that the people of Oregon will this time not make the mistake of rejecting them.*"

Letter No. 15.

Allyn A. Young, Professor of Economics, Cornell University, and member of Special Tax Commission of New York, a high authority on taxation, writes:

"I have your letter of August 25, enclosing copies of the proposed amendments to the tax section of your State Constitution, to be voted upon in November. *The proposed amendments are in every way desirable. Their adoption would make possible rapid progress toward rational tax reform in Oregon.* In fact, I do not see that a large measure of progress is possible unless the uniform rule contained at present in your constitution is removed. *The adoption of these amendments would make it possible for Oregon to bring its tax system up to the level of the best.*"

Letter No. 16.

Harden Bennion, Chairman of the Board of Commissioners on Revenue and Taxation for Utah, which reported to the Legislature of that state in 1913, writes:

"Your recent favor enclosing copies of proposed amendments to the Constitution of the State of Oregon affecting taxation has been forwarded from our Salt Lake office, hence the delay in my reply.

"*It goes without saying that I endorse and approve such amendments* when it is known that as a member of the State Board of Equalization of the State of Utah I had much to do with the preparation and adoption by the Legislature of very similar proposals to amend our own Constitution; also that later I did all in my power to secure their passage and adoption when submitted to popular vote of the people.

"It is true that the resolutions were defeated at the next general election and are not now embodied in our constitution, but such defeat is very generally ascribed to the lack of effort on the part of the managers of the election campaign of that year, they having the whole business and campaign in their hands and being but little interested in anything other than the winning out of their respective tickets.

"The other members of the Commission are not accessible from here, but I assure you that they were unanimous in their efforts to secure the adoption of the amendments, and joined with me in the belief that *only through similar amendments to those now proposed in your state can an effective and equitable system of tax reform be inaugurated.*"

Letter No. 17.

George Lord, Secretary of the Michigan State Tax Association, former Secretary of the Board of State Tax Commissioners of Michigan, writes:

"I have examined with much interest the proposed amendments to the Constitution of your State relating to taxation, and I do not hesitate to say that if these amendments shall be adopted by the people of Oregon and the Legislature shall enact legislation providing for a proper classification of property, that there will surely follow a much more just and equitable distribution of your tax burden than is possible at the present time under the existing provisions of your Constitution and statutes. *These amendments are in line with those adopted by the people of our more progressive states and in which we find the most satisfactory tax conditions.* I sincerely hope that the people of your State will appreciate the wisdom of the adoption of these amendments and go to the polls and vote accordingly."

Letter No. 18.

Fred O. Blue, State Tax Commissioner of West Virginia, writes:

"I am in receipt of your letter of the twenty-seventh ultimo together with leaflet showing two proposed constitutional amendments to be voted upon at the November election.

"West Virginia has a similar uniformity clause in her Constitution as that now found in the Oregon Constitution.

"*It now seems well settled in the minds of tax economists that to obtain progressive legislation upon the questions of taxation, the uniformity clause of the various constitutions which have it, should be amended,*

In my opinion the adoption of the proposed amendments to the Constitution of your State will be a decided step along the line of tax reform.

"One of the serious difficulties this State has encountered in enforcing the tax laws enacted under our present Constitution, is, that it is practically impossible with the uniform rate upon all classes of property, to get intangible property upon the tax books at all. Such property, if assessed at all, goes on the books at its full value.

"While the law requires all property in this State to be assessed at its true and actual value, experience has brought to our attention that all property is not on the books as required by law. Therefore, the owner of intangible property when he returns it, knowing that it goes on at its full value, feels there is an injustice done him when he knows his neighbor's property is on the books at, perhaps, 75 per cent of its value. Knowing this fact, much of this property is not returned at all.

"The proposed amendments, as I understand them, will allow reasonable classification of property in the State of Oregon, if adopted by the people, and alleviate this difficulty."

Letter No. 19.

Alfred E. Holcomb of New York, Treasurer and member of the Executive Committee of the National Tax Association, writes:

"I have taken pleasure in examining the proposed amendments to Articles I and IX of the Oregon Constitution. These amendments are in my judgment adequate to secure for the State such measure of freedom in the matter of taxation as will enable the working out of just, equitable, and most important of all, effective tax laws. *To my mind nothing really new or startling is proposed. The intent of the provisions which these amendments are designed to supplant, was the same as that of the amending provisions, but unfortunately here as in other states, the language used was inadequate to meet changed situations and new conditions in social, economic and commercial life.*

"The relief which these amendments are calculated to give is a first and necessary step in providing the machinery for the development of a just, equitable and rational taxation system."

Letter No. 20.

William A. Robinson of Louisville, Kentucky, member of the Executive Committee of National Tax Association, also member of the Committee on Tax Reform of the Louisville Commercial Organizations, writes:

"I have read carefully the proposed amendments to the Oregon Constitution to be voted on in November next, bearing upon your tax system.

"*They are admirable and offer to Oregon the opportunity to enact such provisions as will not only give the State her fair show in competition with other States, for growth and progress, but for equitable adjustment*

of the tax burden among all citizens and interests and with steadily increased revenue to the State. In Kentucky we are making progress. These amendments were adopted by over 30,000 majority last November, but because of error in advertising the election, on the part of the Secretary of State, the Court of Appeals decided the election invalid. But the legislature of 1914 re-enacted the bill by large majority in both houses and we vote again in 1915, the earliest time possible under our Constitution, and we expect to get a larger majority. The tax burden, under our 'General property tax' system, has steadily shifted to real estate, the land owner—the farmer begins to see it and feel it.

"The constitution of a state should be a Rudder—A general guide—not an 'Anchor' to weigh down and restrain progress. State and local taxation, unwise in any one State, when compared with any of the other 47 States, is a more serious disadvantage than any general bad national tariff, which affects all the States alike.

"I hope Oregon will shake off the shackles and avail herself of the splendid opportunities now offering with our great Panama Canal open for commerce."

Letter No. 21.

Lawson Purdy, President of the Department of Taxes and Assessments of New York City, one of the best known authorities on taxation, writes:

"I have just returned from Europe and received your letter of August 25, in regard to the proposed amendments to the Constitution of Oregon in relation to taxation. I sincerely trust that these amendments may be approved by the people. The present Constitution renders any improvement in taxation in Oregon impossible. These amendments will permit changes which I am sure will be made from time to time, and will redound greatly to the advantage of all the people of your State."

Letter No. 22.

Prof. Geo. O. Virtue of the University of Nebraska, Member of the Special Commission now investigating matters of revenue and taxation in that state, writes:

"I am much interested in the pending tax amendments to your Constitution, a copy of which has been received. They seem to me to open the way to real progress in devising a rational system of taxation. We have a similar amendment pending in this state to be voted on at the November election. The bill submitting the amendment passed both houses of the legislature without a dissenting vote and the amendment has been ratified by each party at the primaries as a party measure. It seems quite certain, therefore, that this amendment which will remove the present restrictions from the legislature in matters of taxation will be adopted by a substantial majority at the approaching election. In fact, it has come to be recognized very generally that there is little possibility of improving the tax system without giving a greater degree of freedom to the legislature in the exercise of its judgment in tax matters. I feel, therefore, that there can be little question as to the desirability of adopting such amendments as are now before the people of Oregon and Nebraska."

Letter No. 23.

Prof. Raymond V. Phelan of the Department of Economics, University of Minnesota, writes:

"I wish to thank you very cordially for your letter of August 28, which awaited my return to Minneapolis. The proposed tax amendments to Oregon Constitution are demanded by present day conditions. Consti-

tutional tax provisions requiring simply equality and uniformity without explicitly allowing classification of taxable objects belong to a time when property was practically uniform in character. Today reasonable classification of tax paying ability is essential to justice in taxation.

"Permit me to suggest a practical change in your first proposed amendment. You might simplify the issue and thereby promote its success by changing Section 32, Article I, to read in its latter part 'and all taxation shall be equal and uniform upon each class of taxable objects.' These taxable objects might be property, income, or the privilege of doing business. I would repeat the same idea in Section 1, Article 9.

"If my opinion above is of any value, you may use it without restriction and I shall be very glad of further opportunity to try to be of service to you."

Letter No. 24.

Oscar Leser, member of the State Tax Commission of Maryland, former Judge, Appeal Tax Court of Baltimore, writes:

"The so-called 'General Property Tax System' is based on the theory, not only that all property, real and personal should be taxed, but that it should be taxed at the same rate. While this gives the impression of perfect equality, both study and experience show that such a system produces and promotes inequality. It fails to take into account that the varying economic characteristics of different classes of property require different treatment, not only on principle—but as to certain species of property, a matter of expediency. Thus the effort to tax credits at the full rate imposed on real estate has encouraged evasion on the part of the owners and lax and haphazard administration on the part of the assessing officials.

"The proposed amendments to the Constitution of Oregon are designed to cure the evils which have grown out of the General Property Tax System by permitting the classification of property for taxation, that is to say, the treatment of each class with regard to its special characteristics and with regard to the best interests of the community, either from the standpoint of increased revenues or of the encouragement of enterprises or activities.

"The adoption of these amendments by the people of Oregon, would be a distinctly progressive step, freeing the State of the antiquated shackles which now bind her and adding her to that rapidly growing group of American Commonwealths which believe in enlightened principles of government.

"In advocating these amendments for Oregon, I am greatly influenced by the enormous success which has attended the adoption of a similar policy in Maryland, where the classified taxation system has been in successful operation for many years."

Letter No. 25.

John J. Walsh, Chairman of the Special Commission of 1911-13 on Taxation of Certain Corporations in Connecticut, writes:

"Your proposed constitutional amendment to your taxation laws is admitted by all of the leading students of this subject, to be absolutely necessary, if you are going to adopt the theory, as I believe you ought, that men should contribute toward the support of the commonwealth, according to their ability to do so.

"Everybody knows that all men are not able to pay taxes directly, yet the phrase that all taxes shall be equal and uniform, is based upon the theory that they are so able to pay, and is therefore, based upon a fallacy.

"The objection, as I take it, to the amendment, is that the interests, so-called, might under the proposed amendment, be able to obtain greater

exemptions than under the present law. This objection carried to its original conclusion implies a failure of our theory of government, and is therefore fallacious.

"I am sure if the people of your State really understood both sides of the question, they would unhesitatingly, pass the amendments."

Letter No. 26.

John Perrie, Deputy Minister of the Department of Municipal Affairs, Edmonton, Alberta, writes:

"I am in receipt of your letter of the 29th ult., and have read with much interest the leaflet re proposed amendments to the Constitution of the State of Oregon, which was enclosed therewith.

"It is evidently impossible for the Legislature of your State to properly deal with the question of taxation unless the Constitution is changed along the lines indicated by the proposed amendments. Great strides have been made in the last few years in solving many of the vexatious problems in connection with taxation, and I think the people of your State would be wise to place their Legislators in a position whereby they may take advantage of the progress that has been made."

"It would appear that this can only be done by amending your Constitution so as to make this a matter that may be dealt with by general laws, and unless the power is given to your State Legislature to do this, your State will be badly handicapped in attempting to deal with one of the most important problems affecting the welfare of your people; namely, the problem of giving them as far as is possible a fair and just system of taxation."

Letter No. 27.

Prof. Thomas W. Page of the University of Virginia, a Member of the Committee on Tax Revision of the Commonwealth of Virginia, writes:

"In answer to the inquiry in your letter of August 28, let me say that I am surprised that there should be any question in Oregon as to the necessity of the Constitutional amendments of which you send me a copy. Virginia is rightly regarded as the most conservative state in the Union, yet twelve years ago, when the present constitution was adopted, it was specifically provided that there should be no impediment in the way of the Legislature to classify property so long as the tax rate remained the same on all property in the same class. The prospect of far reaching tax reform seems remote so long as your Constitution remains as it now is. Certainly the efforts in Ohio as yet have furnished little encouragement to the advocates of the 'uniform rule'."

"Let me add, however, that I believe the practical exemption of intangible property in New York, and the exceedingly low rate in Minnesota and elsewhere, are unfairly discriminatory and supply a ground for the suspicions cherished by the opponents of classification."

Letter No. 28.

Prof. George Coray of the Department of Economics and Social Science of the University of Utah, writes:

"I have received your letter inclosing the proposed constitutional amendments on taxation to be submitted to your voters at the coming election. I heartily indorse the movement. The traditional provision requiring uniformity and equality in taxation has proven itself to be viciously ambiguous and generally mischievous. In relating on the property tax and steering legislation in the direction of incomes you are in harmony with the most approved modern tax reforms."

Letter No. 29.

George G. Groat, Professor of Economics of the University of Vermont, writes:

"I have read with much interest the proposed amendments to the Constitution of your State. They seem to me to be directly in line with the real progress that is being made in tax reform in the country. Those states that have untied their hands from the constitutional restrictions such as your constitution now contains are the ones that have within the past few years succeeded in accomplishing something worth while. A 'uniform and equal rate of assessment and taxation' and a requirement that 'all taxation shall be equal and uniform' when applied in practice leads to paper equality but practical inequality of a serious kind. The sooner the people of any state realize this the quicker will they open the way to industrial progress. When forms of property are rapidly becoming more numerous and more complex, as they doubtless now are in Oregon, such action as you are now proposing becomes the more necessary, if this increase is to be encouraged."

"I hope the State of Oregon will seize this opportunity to place itself in line with those other states that have freed themselves from this antiquated restriction on proper scientific methods of tax reform."

Letter No. 30.

Prof. John A. Fairlie of the University of Illinois, Chief Clerk and Expert of the Special Tax Commission of Illinois, which reported in 1910, and now Director of the Efficiency and Economy Committee of that state, writes:

"The proposed amendments to the Constitution of Oregon relating to taxation seem to me a decided improvement on the provisions which they are intended to replace. The requirement of uniform taxation of all property, under the rulings of the courts in this country as to what constitutes property, is thoroughly unsatisfactory as a basis for just and equitable taxes. The proposed amendments will give the legislative assembly and the people of the State a much desired opportunity to establish a reasonably flexible system of taxes which will be more just in principle and more capable of effective administration than the general property tax."

"Similar changes to those proposed in Oregon, are very much needed here in Illinois; and I only wish that similar proposals were before the people of the state for adoption this year."

Letter No. 31.

Solomon Wolff, attorney-at-law of New Orleans, former member of the Louisiana Tax Commission, writes:

"I have very carefully considered the proposed amendments to Section 32, Article I, and Section 1, Article IX, of the Constitution of your State."

"The tendency of both amendments is admirable. Not only do they give greater elasticity to the entire system of taxation, but they do away also with the provisions of the Constitution that 'all taxation shall be equal and uniform.'"

"Every student of taxation knows the absolute impossibility of making taxation truly equal, when the taxing authorities are compelled to apply the same system to the numerous classes of property. One might as well try to sell molasses by the same measure which he uses for cloth."

"Again, it is most desirable to so assess and tax property that the result will be to stimulate and not retard improvements and investments. This cannot be done where the law compels the imposition of the same rate of taxation on all kinds of property.

"However fair it may appear to the superficial observer, to provide that taxation shall be equal and uniform, the student knows that the result of such a provision, as it has been interpreted by the courts, is the very reverse of equality and uniformity."

"Besides all this, and however men may differ about what should and what should not be taxed, and whether all kinds of property should or should not be taxed alike, this is very certain,—the science of taxation has not advanced to the stage, and perhaps never will, WHERE MEN CAN EMBODY ITS PRINCIPLES IN CAST IRON RULES, and, therefore, all men, whatever their views as to details, should join in promoting a system which will give the legislative body and the people the right to easily and conveniently adjust the system to the ever changing needs of a growing community.

"For these, and many other reasons, I warmly commend the proposed amendments and have no hesitation in saying they will make for progress of true equalization and uniformity in taxation."

Letter No. 32.

Isidor Loeb, Dean of the Faculty of the University of Missouri, and a well known authority on taxation, writes:

"I beg to acknowledge the receipt of your letter of the twenty-ninth of August enclosing copies of the two proposed amendments to the Constitution of Oregon, relating to taxation. In response to your request for my opinion regarding these propositions, I will state that I think their adoption would be of great benefit to your State and tend to promote the general cause of reform in taxation.

"Oregon, as is true of many other states, contains in its Constitution restrictions upon legislative power regarding taxation, which may have been well adapted to early and rather primitive conditions at the time of their adoption. These provisions, however, are unsuited to the present situation, and hamper all efforts to secure the taxation of certain species of property. The adoption of the proposed amendments would remove this difficulty and encourage the development of a more rational and equitable system of taxation."

Letter No. 33.

John H. MacCracken, Professor of Politics of New York University, an economist and tax expert of note, writes:

"I have examined with interest the proposed amendments to the Constitution of Oregon, relating to taxation.

"These amendments are in line with the tendency shown in recent years throughout the United States, to abandon the old general property tax, and to tax different kinds of property in different ways. The first plank of the platform of the National Tax Association is—'the attempt to tax all classes of property in the same way and at the same rate produces gross injustice.' This is the teaching of experience, and it is both sound finance and sound statecraft.

"The 'General Property Tax' was devised in the hope that it would fulfill a rather crude ideal of justice; namely, to treat every dollar's worth of value alike. The simplest notion of justice is the same penalty for the same offence, the same reward for the same good deed, the giving to every man his penny, or the taking of a penny equally from

every pound. No Christian civilization stops with this crude justice. We must take circumstances into account; we must beat with many or few stripes as the case may warrant; we must judge schemes of taxation by their actual results in terms of general welfare; we must choose the right instrument for the work in hand, an axe for wood, a hoe for corn. We are only just beginning to realize that the notion that you cannot be just unless you treat everybody alike has worked great harm to our American school system; and that it is a weak faith in democracy that sends danger when one brother is taught Latin and the other the chemistry of soils.

"So in taxation, we must not stop with the crude idea of the same treatment for all property, but must ask the people to judge systems of taxation by their fruits. For this, a campaign of education is necessary. That such a campaign will eventually be successful is well shown by what we were able to do in New York several years ago, in securing popular approval for the exclusion of mortgages from the General Property Tax, and the substitution of a single recording tax in its stead.

"It is a good thing for Oregon that you have inaugurated such an educational campaign; and I am confident that if the people of Oregon will only think out the question for themselves in the light of experience, the adoption of the amendments will be assured."

Letter No. 34.

Frederick N. Judson, the well known St. Louis lawyer, author of the standard works, "Law and Practice of Taxation in Missouri" and the "Power of Taxation," and Chairman of the Missouri Tax Commission of 1906, writes:

"Your favor of the twenty-eighth ult., enclosing your proposed constitutional amendment relating to taxation, received.

"It seems to me that the amendments will open the way, and the only way, for a reform in your taxing system. A requirement that all property should be taxed alike by an iron rule of uniformity, makes impossible an efficient taxing system; and an inefficient system necessarily leads to the grossest kind of inequalities. In my own state, Missouri, the requirement of uniformity is that taxes shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax; and such a provision is far preferable to yours, which lays down an iron rule of uniformity, permitting no classification. The only effective way of preventing tax evasion is to make taxation effective, and this can only be done by the power of reasonable classification."

Letter No. 35.

Dean B. E. Fernow of the Faculty of Forestry, University of Toronto, a high authority on all matters pertaining to timberlands and forestry practice, writes:

"Replying to your request for my opinion regarding the proposed amendments to your Constitution with reference to taxation, I must tell you that my interest in this question lies mainly on a limited field, namely taxation of timberlands.

"It is a notorious fact that lack of equitable taxation has been not only in Oregon but in all states detrimental to the conservative use of timberlands, and a deterrent more or less to the application of forestry in their management. There has not been any realization on the part of assessors that timberlands may be treated like mines or, under forestry methods, like crops. The crop quality of forests, it must be readily

perceived, puts a different aspect on the property condition of timberlands. *A managed forest is an entirely different property from the same property subjected to mere exploitation.*

"Perhaps, in your State, the strict limitation to 'equal and uniform' taxation has contributed to lack of perception in this respect and to unscientific taxation. At any rate, the new reading appears to me to give more latitude for differentiating conditions and opportunity for formulating taxation methods which fit the peculiar character of forest property, removing a handicap on forestry practice."

Letter No. 36.

William D. T. Trefry, Tax Commissioner of Massachusetts, with many years of continuous service in that position, writes:

"I have looked over with a great deal of interest the two constitutional amendments which are before the people of Oregon by which it is intended to so modify your Constitution as to make possible a deviation from the old fashioned rule of uniform taxation. I am glad that these questions are before the people of Oregon. I hope the amendments will be adopted. My years of study convince me that it is impossible under the old fashioned Constitution to establish such tax systems as will fit our present industrial and economic conditions. The Constitution must be modified. Good luck to you in your attempt to secure these amendments."

Letter No. 37.

Matthew B. Hammond, Professor of Economics of Ohio State University, Vice-Chairman of the Industrial Commission of Ohio, writes:

"In my opinion, the proposed constitutional amendments which you submit are highly desirable for Oregon or any other state to adopt. It is a sad mistake for the people to tie their own hands by placing in the Constitution requirements that taxation shall be equal and uniform and that the rate of assessment shall be equal.

"Several times within the last decade we have made an effort here in Ohio to remove this limitation from our constitution so as to classify property for purposes of equitable, but not necessarily equal, taxation. Such amendments, unfortunately, have failed; not, however, because a majority of the voters who took part in the election were opposed to the amendment, but because a majority of the voters in the state did not vote on the question at all and the constitution required a majority of all the electors rather than a mere majority of the votes cast on the subject.

"I trust that your State will be more fortunate than ours has been in the matter of amending the Constitution in this respect."

Letter No. 38.

Frank B. Jess, President of the State Board of Equalization of Taxes of New Jersey, writes:

"I beg to acknowledge receipt of your letter of August 29, enclosing a leaflet setting out in full two proposed amendments to the Constitution of Oregon, relating to taxation, to be voted on at the general election next November, and asking for a brief statement of my opinion on these propositions.

"I have read these proposed amendments to your State Constitution with a great deal of interest, and I am in hearty sympathy with what they propose to accomplish. I might say that our State Board, in several

of its annual reports to the legislature has strongly urged the classification of subjects of taxation and the application of specific rates to the several classes. The constitution of New Jersey does not expressly authorize such a system of taxation, but we believe that such a classification is clearly permissible. The classification of our railroads for this purpose has been upheld by our courts, and the last legislature passed an act providing for the imposition of a specific rate of taxation, general throughout the state, upon the shares of national banks.

"The experience of our board has conclusively demonstrated to our minds the necessity of a reasonable classification as a prerequisite to any substantial progress in the direction of tax reform.

"Personally, if I were a citizen of Oregon, I should strongly advocate the adoption of both of the proposed amendments."

Letter No. 39.

F. W. Blackmar, Dean of the Graduate School, University of Kansas, writes:

"After a careful consideration of the two proposed amendments to your Constitution, I can conceive nothing better than these amendments to open up the way to real tax reform. While somewhat general in their nature they cover the main points at issue and are really better, as constitutional amendments, than they would be if more specific. They allow for great flexibility in taxation which permits each specific condition to be met by statute laws as needed."

Letter No. 40.

J. T. Holdsworth, Dean of the School of Economics, University of Pittsburgh, writes:

"Surely there can be no serious opposition to the constitutional amendments you propose relating to taxation. The old constitutional requirement of uniformity in taxation, which for so long and in so many states blocked all reforms in taxation, has been so universally condemned that it does not seem possible that such an enlightened State as yours should vote otherwise than for the amendment of this section. Just as important is your proposed amendment permitting reasonable classifications of the subjects of taxation. Surely if the people of your State understand the possible reforms to be effected through these changes in the Constitution they will be passed by an overwhelming majority."

Letter No. 41.

Frank L. McVey, President of the University of North Dakota, formerly Chairman of the Minnesota State Tax Commission, writes:

"Some time ago I received a letter from you enclosing a leaflet regarding certain proposed changes in the tax laws of Oregon. In this connection I may say that I do not see how it is possible for the State to make much progress in the way of proposed modification of tax laws until the constitutional requirements, as they now exist under your Constitution, shall be changed. The fact of the matter is that taxation cannot be equal and it cannot be uniform in the sense in which this is meant under the general property tax. The provision for reasonable classification and the right of imposition of specific taxes, together with the imposition of taxes on income, I regard as necessary and essential in a modern state. I trust that the State of Oregon may take this matter seriously and adopt the proposed legislation."

Letter No. 42.

The Colorado Tax Commission, J. Frank Adams, Chairman, John B. Phillips and Celsus P. Link, writes:

"The Colorado Tax Commission has received and examined carefully the proposed constitutional amendments concerning taxation now pending in Oregon. *The amendments are in line with the general tendency of financial reform.* The elimination of restrictions on the power of the legislature to classify property so as to bring about a greater equalization in the burdens of taxation is highly desirable as well as the provision for an income tax. *It is to be hoped that in the interest of more scientific and equitable taxation both these amendments will meet with the approval of the voters at the coming election.*"

Letter No. 43.

Robert J. Sprague, Professor of Economics and Sociology of Massachusetts Agricultural College, Amherst, writes:

"Your proposed constitutional amendments concerning taxation are at hand and read with interest.

"I have made no study of Oregon's tax system, but I know that in many of the states the uniformity of taxation provided for in the constitutions has been a great hindrance to progress and fair treatment of the various classes of citizens. *The modern progress of taxation at home and abroad is in the direction of your proposed amendments, providing greater flexibility and giving opportunity to adapt taxation to the various and changing conditions of present day business and life. It seems to me to be the reasonable and inevitable step for Oregon to take, and the sooner she takes it the better off she will be.*"

Letter No. 44.

Edwin S. Todd, Professor of Economics of Miami University, Oxford, Ohio, writes:

"I have examined the proposed amendments to the Oregon Constitution. *They meet with my approval.* You are in the midst of a fight for reform in taxation that we hope to initiate in Ohio before a great while. *There can be no doubt that any real progress in tax reform depends in so amending our state constitutions that a classification of property for taxation purposes will be possible.* The success of the movement in Oregon will help us in Ohio to inaugurate a similar movement."

Letter No. 45.

Lewis H. Haney, Professor of Economics of the University of Texas, writes:

"I regard the amendments to the Oregon Constitution which you submit in your letter of August 31, as in accord with sound economic analysis. (1) That all taxation should be truly equal and just, it is essential that some kinds of property should be taxed at a heavier rate than others. (2) Furthermore, the progressive principle is sound in some cases, and nothing should stand in the way of its possible use. (3) Finally, where practicable, income may often furnish a better basis than property for taxation. *These reasons, and especially the first, demand the amendments.*"

Letter No. 46.

A. P. Ramstedt, Chairman of the Idaho Tax Commission, writes:

"I am in receipt of a leaflet setting out in full two proposed constitutional amendments relating to taxation in Oregon to be voted upon at your next general election, which I have examined with a great deal of interest.

"*These amendments are in line with rational tax reform amendments to be voted upon by the people of a number of other states this fall, and I believe that it will be fortunate for these states if such amendments are adopted, as progress toward a better system of taxation is, in my judgment, impossible under constitutional restrictions such as you have now.*"

"We hope that the legislature of our state will at its next session submit to the people an amendment to our constitution intended to accomplish the same purpose as yours, and would be glad to see our neighboring State of Oregon, where conditions are similar to ours, take this advanced step, feeling sure that if the Legislature will pass good laws in the spirit of the amendments, the operation of such laws will prove the wisdom of the adoption of the amendments."

Letter No. 47.

B. D. Sigler, formerly Assessor of Multnomah County, Oregon, now an expert appraiser of real estate, writes:

"Eight years of experience as assessor of Multnomah County convinced me that many of the tax laws of this State are unjust and injurious to the best interests of the taxpayer. They are impracticable and out of date.

"In order to have any progressive legislation on taxation the Constitution must be amended.

"I advocated the adoption of the proposed amendments at the last election and will do the same at the next."

Letter No. 48.

B. G. McIntire, Chairman of the Board of State Assessors of Maine, writes:

"I have examined with much interest the proposed amendments to your Constitution, relating to taxation, and am fully confident that this move is an important step toward more progressive methods in taxation.

"Present day conditions are vastly different than when most of our state constitutions were first adopted, and any system which contemplates the taxation of all classes of property at the same rate is now generally regarded as practically unworkable.

"Section 8 of the Maine constitution provided as follows:

"All taxes upon real and personal estate, assessed by authority of this state, shall be apportioned and assessed equally, according to the just value thereof."

"On September 8, 1913, an amendment was adopted by an emphatic majority, so this section now reads as follows:

"All taxes upon real and personal estate assessed by authority of this state, shall be apportioned and assessed equally, according to the just value thereof; but the legislature shall have power to levy a tax upon intangible personal property at such rate as it deems wise and equitable without regard to the rate applied to other classes of property."

"I was an earnest supporter of this amendment, and trust that the legislature which will convene in January, 1915, will carefully undertake legislation, providing for the classification of intangible personal property.

"Trusting your State may adopt the pending amendments."

Letter No. 49.

Charles Lee Raper, Professor of Economics of the University of North Carolina, writes:

"The proposed amendments to the Constitution of your State seem to me entirely worthy of acceptance by the voters. As long as your Legislature is required by the Constitution to put all forms of property into one class with a uniform rate upon all, so long will it be difficult, if not impossible, for your State to have the most effective and just possible system of taxation. The right of the Legislature to make reasonable classification of taxables with reasonably different rates has brought good results both in revenue and justice, wherever it has been carefully exercised. I am so completely in favor of classification, that I am working for an amendment to the constitution of North Carolina, which will grant such a right to the legislature. The proposition to allow your Legislature the right to levy taxes upon incomes from whatever sources derived also seems to me to be a good one."

Letter No. 50.

L. E. Birdzell, Chairman of the State Tax Commission of North Dakota, writes:

"I note with considerable interest the fact that there are pending in your State some amendments to the Constitution looking towards the giving of greater freedom to the people and the Legislature in the matter of tax legislation. If these amendments are adopted the way will be open for the passage of laws better suited to existing conditions than any that might be framed under the present Constitution of Oregon."

"The constitution of North Dakota is also in process of amendment in such a way as to authorize a reasonable classification of property for purposes of taxation. By reason of the fact that the legislature has in the past been restricted by the ironclad rule of uniformity, it has not been possible in this state to secure a fair adjustment in the distribution of the tax burden, and it has been amply demonstrated here that the rule of uniformity prescribed by the constitution has defeated its own ends."

"The prospect is that the amendment will be passed here and I hope that your State may be equally fortunate."

Letter No. 51.

F. W. Mulkey, Chairman of the Special Tax Commission of Oregon of 1905-6, which made a careful investigation of taxation in this State and elsewhere and submitted an excellent report, writes:

"You having requested me to give you my opinion concerning the following proposed tax amendments to be voted upon by the people of Oregon at the general election, November 3, 1914, to-wit:

"No tax or duty shall be imposed without the consent of the people or their Representatives in the Legislative Assembly. Taxes shall be levied and collected under general law and for public purposes only; the power of taxation shall never be surrendered, suspended or contracted away."

"The Legislative Assembly shall, and the people through the initiative may, provide by law uniform rules of assessment and taxation. Taxes shall be levied on such subjects and in such manner as shall be prescribed by general law. Reasonable classifications of the subjects of taxation may be provided, and specific taxes may be imposed. Taxes

may be imposed on incomes, from whatever source or sources derived; such taxes may be either proportional or graduated and progressive, and reasonable exemptions may be provided."

"In reply I beg to state that I unqualifiedly endorse these amendments and take this opportunity to state to the people of Oregon that, in my opinion, these constitutional amendments should pass for the following reason, that as long as the legislative power is required to levy and collect taxes under the present constitutional provisions requiring equity and uniformity, any law that the Legislature might pass results in a system of taxation with the burden of taxation falling unequally upon those paying taxes. To require that all property be taxed by equal and uniform rule does not reach in an equitable manner the tax paying capacity of the State. Modern thought on taxation requires that property be classified and the State and local revenue be obtained from different sources. The rule of equality and uniformity as required now by constitutional provisions is an equality in taxation only in theory. Therefore, I conclude by saying that the present rigid provisions of our Constitution should be eliminated."

Letter No. 52.

John E. Brindley, Head of the Department of Applied Economics and Social Science of Iowa State College, Secretary and Expert of the Special Tax Commission of Iowa in 1911-12, writes:

"I have received your letter of August 24, enclosing proposed constitutional amendments relating to the equality and uniformity sections of the Constitution of Oregon. Having lived in Oregon for a year, I appreciate very keenly the necessity of the proposed amendments. Needless to say scientific reform in taxation is quite impossible unless the constitution of a given commonwealth permits a reasonable classification of property for purposes of taxation. The income tax provision of one of the proposed amendments, if adopted, will permit of legislation similar to that which has proved of great service in Wisconsin. I sincerely hope that both amendments will be adopted at the coming election."

Letter No. 53.

W. O. Hart, Attorney-at-Law, New Orleans, Member of the Louisiana Tax Commission of 1906, writes:

"The amendments proposed in your State are much needed in every state. The trouble in our State, and I suppose in most of the states, is that the constitution contains the words, 'all taxation shall be equal and uniform.' This prevents real uniformity and is a stumbling block to progressive reform. I would be glad if you would let me know if the amendments are adopted in your State as, if they are, this will be of assistance to us here in proposing similar amendments."

Letter No. 54.

Nils P. Haugen, Chairman of the Wisconsin Tax Commission and for many years a member of that able body, writes:

"I have read the two proposed amendments to the Constitution of Oregon on the subject of taxation."

"It is a strange paradox in American legislation that our older constitutions after declaring the supremacy of the people in government have proceeded at once to circumscribe and limit the legislative power in such a manner as to make the popular will ineffective. This is peculiarly so on the subject of taxation. It is only of late that more confidence is

being shown in our capacity for self-government. Your proposed amendments are along this line. The so-called 'uniformity' in taxation matters, it is generally conceded, takes no notice of 'ability to contribute' to the public needs and therefore results in the grossest inequality.

"The progressive people of Oregon will undoubtedly free themselves from constitutional shackles by adopting the amendments referred to."

Letter No. 55.

Samuel Lord, member of the Minnesota Tax Commission with over seven years of continuous service, writes:

"A Constitution requiring that all property shall be taxed upon the same basis and at the same rate sounds good, but instead of resulting in a just distribution of the burdens of taxation it is generally productive of the grossest injustice. This is proven by universal experience.

"Oregon will not be able to enact just and desirable tax laws or keep pace with other advancing communities in matters of tax reform unless and until she amends her present Constitution.

"The two proposed tax amendments which you enclose are certainly a great improvement over the old provisions and if adopted should result in great and lasting benefit to every honest taxpayer in your State."

Letter No. 56.

Edwin R. A. Seligman, Professor of Political Economy, Columbia University, New York, President of the National Tax Association, author of several standard works on Taxation and one of the very highest authorities on this subject writes:

Replying to your letter of August 25th, I would say that I have carefully read the two proposed amendments to the Constitution of Oregon relating to taxation to be voted on at the general election in November. I am of the opinion that these amendments should prevail. They are undoubtedly in harmony with the trend of tax reform throughout the United States, and if adopted would give Oregon an opportunity of effecting notable improvements in her tax system."

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